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OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made this 26 day of August. 2008, between Albert Ray Rich Jr., a single person, Lessor (whether one or more), whose address is: 810 Houston St., Fort Worth, Texas 76102,

1. Lessor, in consideration of ten dollars and other valuable consideration, receipt of which is hereby acknowledged, and of the covenants and agreements of Lessee hereinafter contained, does hereby grant, lease and let unto Lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas, sulphur and all other minerals (whether or not similar to disposal of salt water, construct roads and bridges, dig canals, build tands, power stations, telephone lines, employete for surface or subsurface on said land, necessary or useful in Lessee's operations in exploring, drilling for, producing, treating, storing and transporting minerals produced from the land covered hereby or any other land adjacent thereto. The land covered hereby, herein called "said land," is located in the County of

.241 acres, more or less, out of the W. Miller Survey, Abstract No. 1020, and being Lot 1, Block 3, Singing Hills Addition, unit #1, an Addition to the City of Watauga, Tarrant County, Texas, according to the Plat recorded in Volume 388-22, Page 05, Plat Records, Tarrant County, Texas, and being those same lands more particularly described in a Warranty Deed with Vendor's Lien, dated July 29, 1976, from Ronald W. Coker and wife, Robin Coker, to Albert Ray Rich Jr., a single person, recorded thereof in Volume 6060, Page 866 Deed Records, Tarrant County, Texas, and amendments thereof, including streets, easements and alleyways adjacent thereof, and any riparian right

This is a non-development Oil, Gas and Mineral Lease, whereby Lessee, its successors or assigns, shall not conduct any operations, as defined herein, on the surface of said lands. However, Lessee shall have the right to pool or unitize said lands, or part thereof, with other lands to comprise an oil and/or gas development unit. It is the intention of Lessor to allow Lessee to explore for oil and/or gas without using the surface of Lessor's lease.

This clause shall take precedence over any references to surface operations contained within the preprinted portion of this

This lease also covers and includes, in addition to that above described, all land, if any, contiguous or adjacent to or adjoining the land above described and (a) owned or claimed by Lessor by limitation, prescription, possession, reversion, after-acquired title or unrecorded instrument or (b) as to which Lessor has a preference right of acquisition. Lessor agrees to execute any supplemental instrument requested by Lessee for a more complete or accurate description of said land. For the purpose of determining the amount of any bonus or other payment hereunder, said land shall be the true acreage thereof. Lessor accepts the bonus as lump sum consideration for this lease and all rights and options hereunder.

- Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of 3 years with no cessation for more than ninety (90) consecutive days.
- with no cessation for more than ninety (90) consecutive days.

 3. As royalty, Lessee covenants and agrees: (a) To deliver to the credit of Lessor, in the pipe line to which Lessee may connect its wells, the posted market price of such 25% part of all oil produced and saved by Lessee from said land, or from time to time, at the option of Lessee, to pay Lessor the average case, to bear 25% of the cost of treating oil to render it marketable pipe line oil; (b) To pay Lessor on gas and casinghead gas produced from said land (1) when soid by Lessee 25% of the amount realized by Lessee, computed at the mouth of the well, or (2) when used by Lessee of (c) To pay Lessor on all other minerals mined and marketed or utilized by Lessee, computed at the mouth of the well, or (2) when used by Lessee off (c) To pay Lessor on all other minerals mined and marketed or utilized by Lessee from said land, or the manufacture of gasoline or other products, the market value, at the mouth of the well, or (2) when used by Lessee off (c) To pay Lessor on all other minerals mined and marketed or utilized by Lessee from said land, or on lends with which said land or any time or times thereafter, there is any well on said land or on lends with which said land or any portion thereof has been were being conducted on said land for so long as said wells are shut-in, this lease shall, nevertheless, continue in force as though operations occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of producing only as a said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had facilities of flow lines, separator, and lease tank, and shall not be required to instell abort frouble or to market gas upon terms unacceptable to during such time there are no operations on said land, the primary term, all such wells are shut-in for a period of ninety consecutive days, and ready of the expiration of the expiration of said ninety day period, Lessee shall pay or
- as signment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

 4. Lessee is hereby granted the right, at its option, to pool or unitize any land covered by this lease with any other land, lease, or leases, as to any or all minerals or horizons, so as to establish units containing not more than 80 surface acres, plus 10% acreage loterance, provided as loany one or more horizons, so as to contain when the standard of the containing not more than 80 surface acres, any one or more horizons, so as to contain the provided as to any one or more horizons, so as to contain the provided as to any one or more horizons, so as to contain the provided as to any one or more horizons, so as to contain the provided one or more of the following: from wells classified as gas wells by the consequent and the provided which are not liquidis in the subscription of the permitted of the required under any open phaving pursuition. If larger units than any of those exercise, it is a subscription of the permitted or required by such governmental rule or order, for the drilling on permitted, either at the required under any open permitted or or the content of the standard or the standard or required by such governmental rule or order, for the drilling or already drilled, any such unit may be a subscription of the standard or the standard or or the standard or the standard or the standard or required the standard or the standard or the standard or any open standard or the standard or required to require during the standard or the standard or the standard or the standard or any open standard or the standard

part of the leased premises.

- 5. Lessee may at any time and from time to time execute and deliver to Lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations, as to the released acreage or interest.
- 6. Whenever used in this lease the word "operations" shall mean operations for and/or any of the following: preparing the drillsite location for or in an endeavor to obtain production of oil, gas, sulphur or other minerals, excavating a mine, production of oil, gas, sulphur or other minerals, excavating a mine, production of oil, gas, sulphur or other minerals,
- 7. Lessee shall have the use, free from royalty, of water, other than from Lessor's water wells, and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw shall pay for damages caused by its operations to growing crops and timber on said land.
- 8. The rights and estate of any party hereto may be assigned from time to time in whole or in part and as to any mineral or horizon. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns, shall increase the obligations or diminish the rights of Lessee, including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof of or to Lessee, its successors or assigns, not be binding upon the then record owner of this lease until sixty (60) days after there has been furnished to such record owner at his or its principal certified copies of the instruments which have been properly filed for record and which evidence such change or division, and of such court such change or division. If any such change in ownership occurs by reason of the death of the owner, Lessee may, nevertheless pay or tender such royalties, or other moneys, or part thereof, to the credit of the decedent in a depository bank provided for above.
- 9. In the event Lessor considers that Lessee has not complied with all its obligations hereunder, both express and implied, Lessor shall notify of said notice within which to meet or commence to meet all or any part of the breaches alleged by Lessor. The service of said notice shall be precedent to the bringing of any action by Lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after receipt after service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by Lessee aimed to meet all or any of the canceled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to be designated by Lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules as are necessary to operations on the acreage so retained and shall not be required to move or remove any existing surface facilities necessary
- 10. Lessor hereby warrants and agrees to defend title to said land against the claims of all persons whomsoever. Lessor's rights and agrees that Lessee shall have the right at any time to pay or reduce same for Lessor, either before or after maturity, and be subrogated to the and/or assigns under this lease. If this lease covers a less interest in the oil, gas, sulphur, or other minerals in all or any part of said land than the moneys accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest or not owned by Lessor) shall be paid out of the royalty herein provided. This lease shall be binding upon each party who executes it without
- 11. If, while this lease is in force, at, or after the expiration of the primary term hereof, it is not being continued in force by reason of the shut-in well provisions of paragraph 3 hereof, and Lessee is not conducting operations on said land by reason of (1) any law, order, rule or regulation, (whether or not subsequently determined to be invalid) or (2) any other cause, whether similar or dissimilar, (except financial) beyond the cause following the removal of such delaying cause, and this lease may be extended thereafter by operations as if such delay had not occurred.
- 12. Lessor agrees that this lease covers and includes any and all of Lessor's rights in and to any existing well(s) and/or wellbore(s) on said land, other than existing water wells, and for all purposes of this lease the re-entry and use by Lessee of any existing well and/or wellbore shall be deemed the same as the drilling of a new well.
- 13. Notwithstanding anything to the contrary contained in this lease, at the option of Lessee, which may be exercised by Lessee giving notice to Lessor, a well which has been drilled and Lessee intends to frac shall be deemed a well capable of producing in paying quantities and the date such well is shut-in shall be when the drilling operations are completed.
- 14. As a result of land development in the vicinity of said land, governmental rules or ordinances regarding well sites, and/or surface restrictions as may be set forth in this lease and/or other leases in the vicinity, surface locations for well sites in the vicinity may be limited reworking or other operations are either restricted or not allowed on said land or other leases in the vicinity, it is agreed that any such provided that such operations are associated with a directional well for the purpose of drilling, reworking, producing or other operations under said land or lands pooled therewith, shall for purposes of this lease be deemed operations conducted on said land. Nothing except as expressly stated.
- 15. The consideration paid for this lease shall also constitute consideration for an option to the Lessee, its successors and assigns, to extend the initial three (3) year primary term for a second two (2) year term. This option may be exercised anytime during the initial primary term by delivery of payment of an additional bonus of \$18,500.00 per net mineral acre. The bonus payment shall constitute above, then all terms of this lease shall remain in full force and effect as if the original primary term was five (5) years.

IN WITNESS WHEREOF, this instrument is executed on the date first above written. LESSOR: Albert Ray Rich Jr., an Individual a single person Albert Ray Rich STATE OF _ Texas (ACKNOWLEDGMENT FOR INDIVIDUAL) COUNTY OF Tarrant This instrument was acknowledged before me on the day of August, 2008 by Albert Ray Bish Jr. arrindividual. Signature . **Notary Public** BRUCE AARON SNYDER Printed Bruce Aaron Snyder Seal: Notary Public, State of Texas My Commission Expires April 08, 2012